French Summary of Important Information for Prudential's Canadian Policyholders

INSIDE:

This Summary Provides You with Important Information from the Policyholder Information Booklet, Part 1 in French

NOTE: *This French Summary is not intended to be a complete summary of the Policyholder Information Booklet, Part 1 or a substitute for the Plan of Reorganization. The Plan of Reorganization is the document that governs the demutualization of The Prudential Insurance Company of America. If there are differences between the French Summary and the Plan of Reorganization, the Plan of Reorganization provisions govern.*

Introduction

ICONS, OR PICTURES, USED IN THIS FRENCH SUMMARY POINT OUT IMPORTANT INFORMATION

The following icons are used in this French Summary to point out important information:

Indicates a brief definition of an important or technical term.
(In some cases, the Glossary provides more comprehensive definitions.)

Highlights key concepts.

Tells you where to look for more information.

Prudential: The Prudential Insurance Company of America before the demutualization. References to "we", "our" and "us" in this French Summary mean Prudential.

Plan: The Plan of Reorganization, which is the legal document describing our demutualization.

We've designed this French Summary to help you understand the key aspects of **Prudential's** plan to become a stock company through a process known as **demutualization**, all as set forth in our **Plan**. It also identifies and explains specific items that apply only to our Canadian policyholders.

If terms used in this French Summary are unfamiliar to you, see the Glossary that appears later in this French Summary. The terms included in the Glossary are in bold the first time they appear in this French Summary. References to "Prudential", "we", "our" and "us" in this French Summary refer to The Prudential Insurance Company of America before demutualization. Also, the terms "policy" and "policyholder" as used in this French Summary include annuity contracts and contract holders, as the context requires. References to dollars in this French Summary are in U.S. dollars.

We hope you find this French Summary, along with the Voting Guide, personalized information and instructions on your Reply Cards, and other materials in this package, to be helpful as you consider our Plan and cast your vote. We thank you for participating in this very important process.

If you have questions or need help, please call 1-800-519-1339. A French-speaking representative will be available to assist you. You may also write us at The Prudential Insurance Company of America, Demutualization Information Center, P.O. Box 14355, New Brunswick, New Jersey 08906-4355 or visit our website, www.prudential.com. (This website is available in English only.)

Key Aspects of Prudential's Demutualization

Prudential Insurance: The Prudential Insurance Company of America after the demutualization.

Prudential Financial, Inc.: The New Jersey stock business corporation organized to be the publicly traded indirect holding company of Prudential Insurance after demutualization.

OUR CORPORATE STRUCTURE WILL CHANGE

We are currently a mutual life insurance company owned by our policyholders. We have no shareholders. We plan to become a stock life insurance company (referred to as **Prudential Insurance** in this French Summary) through the demutualization. After considering the changes in the global financial services market and evaluating other possible courses of action, our board of directors concluded that we should demutualize. Our board of directors unanimously approved and adopted the Plan on December 15, 2000, and subsequently amended and restated the Plan. This December 15, 2000 date is referred to as the **Board Adoption Date**.

If we demutualize, the total value of Prudential, in the form of stock of **Prudential Financial, Inc.**, cash and **policy credits**, will be distributed to **eligible policyholders** upon extinguishment of all **membership interests**.

Prudential Holdings, LLC: The New Jersey limited liability company organized to be the direct owner of Prudential Insurance and in turn the wholly owned subsidiary of Prudential Financial, Inc. after the demutualization.

Prudential Insurance will then be owned by **Prudential Holdings, LLC**, which will in turn be owned by Prudential Financial, Inc. Both Prudential Holdings, LLC and Prudential Financial, Inc. are newly formed holding companies. Shares of **Prudential Financial, Inc. stock** also will be sold in an initial public offering, or **IPO**, to investors, who need not be our policyholders. We expect that Prudential Financial, Inc. stock will be listed on the New York Stock Exchange under the symbol “PRU”.

POLICYHOLDERS WILL ENJOY SEVERAL BENEFITS AND PROTECTIONS

If the Plan becomes effective, Prudential’s total value will be distributed to eligible policyholders in the form of shares of Prudential Financial, Inc. stock, cash or policy credits. You do not need to pay any money or give up your policy to receive your demutualization compensation.

Your policy benefits will not be reduced as a result of demutualization and you will receive demutualization compensation.

<u>There will be no adverse change as a result of the demutualization to your premiums or benefits, cash values, policy dividend eligibility or any of our other guarantees or obligations to you under your policy. Some eligible policyholders will receive demutualization compensation in the form of additional policy benefits called “policy credits”.</u>

Compensation for Eligible Policyholders

Please refer to your policyholder record card (Card 4) to determine if you are an eligible policyholder.

You are an eligible policyholder entitled to receive demutualization compensation if you were, or were deemed to be for purposes of the Plan, the owner on or as of December 15, 2000 (the Board Adoption Date), of one or more **eligible policies**. In general, an eligible policy is a policy issued by Prudential that was **in force** on December 15, 2000 (the Board Adoption Date). New Jersey law permits a demutualizing insurer to “deem” persons to be eligible policyholders in its plan of reorganization even if they were not the owners of policies issued by and in force with the mutual insurer on the board adoption date.

Our Plan does deem some persons to be eligible policyholders for purposes of receiving demutualization compensation. We currently estimate that deemed eligible policyholders (who would not otherwise be eligible) represent fewer than 1 million of the 11 million total eligible policyholders. We believe that deeming these policyholders to be eligible for compensation is fair and equitable to our policyholders and in the best interest of Prudential and our policyholders.

One group of former policyholders being deemed eligible for compensation consists of certain Canadian policyholders whose policies, which had been issued by our Canadian branch, were sold in 1996 to **London Life**. London Life has since been acquired by **Great-West**. In connection with this sale to London Life, we made commitments to the insurance regulators in New Jersey and Canada that the proprietary rights of these transferred policyholders would be taken into account in the event we were to demutualize. As a result of these commitments, the owners on December 15, 2000 (the Board Adoption Date) of these **Transferred Canadian Policies** (or certain successor policies, as described below) that were in force with either London Life or Great-West, as applicable, on this date are deemed eligible to receive demutualization compensation if one of the following applies:

- they maintained the policies originally issued by Prudential, even though London Life became their insurer on these policies;
- they converted their original Prudential policies to London Life policies pursuant to contractual provisions in their original Prudential policies; or
- they renewed their policies with Great-West because they could no longer renew with Prudential or London Life.

Designated Subsidiary: The U.S. operations of Pruco Life Insurance Company, Pruco Life Insurance Company of New Jersey and Prudential Select Life Insurance Company of America.

Similarly, owners on December 15, 2000 of policies originally issued by Prudential’s healthcare operations that were sold in 1999 to an **Aetna Company** and were succeeded by an Aetna health insurance policy following notice that such policy was being cancelled or not being renewed by Prudential, will be eligible for demutualization compensation if their Aetna policy was in force on that date. We are also deeming to be eligible policyholders owners of policies in force on December 15, 2000 that were issued in the U.S. by three of our subsidiaries, which we refer to as the **Designated Subsidiaries**. We believe that owners of policies issued in the U.S. by the Designated Subsidiaries could expect to be treated the same as Prudential policyholders in our demutualization.

Also deemed eligible is a group of policyholders and former policyholders who asserted claims against Prudential in a class action lawsuit. As part of the settlement of that class action, a claims resolution, or **ADR**, process was instituted whereby claims were evaluated on an individual basis and relief was awarded accordingly. Pursuant to commitments we have made to these **ADR Claimants**, we will provide ADR Claimants who rescinded their policies, or who gave up their right to acquire a policy, as part of the form of ADR relief they chose, an option to change their form of ADR relief and repurchase their policies. The Plan deems to be eligible policyholders those ADR Claimants who have expressed interest in repurchasing their policies and have completed all requirements to repurchase their policies within 45 days of the date of the letter forwarded to them by Prudential specifying those requirements. In addition, any policy issued or reinstated as a result of an initial ADR relief choice implemented after December 15, 2000 (the Board Adoption Date) but prior to the **Effective Date** of the Plan will be deemed to have been in force as of the Board Adoption Date and the ADR Claimant will be eligible to receive compensation for such a policy.

Lastly, although our general rule is to distribute demutualization compensation to the person designated in a group insurance policy or group annuity contract as the policyholder or contract holder, there are a few situations (specified in Section 5.4 of the Plan) where a group insurance policy or group annuity contract has been issued to a trust established by Prudential. In these circumstances, we will look through the Prudential-created trust and deem the participating employers or, if there are no participating employers, each individual participating in the group, such as certificate holders, to be the policyholders eligible to receive demutualization compensation.

Your demutualization compensation will likely be in the form of cash payable in Canadian dollars. See your policyholder record card (Card 4) to determine your form of compensation.

If your mailing address is outside the U.S. as of the Effective Date, your compensation will be in the form of cash. If your policy premiums and benefits are stated in Canadian dollars, the cash you receive will be payable in Canadian dollars based on an exchange rate published in the Wall Street Journal on the business day before the Effective Date. As a result of these rules, most Canadian branch eligible policyholders will receive demutualization compensation in the form of cash payable in Canadian dollars. However, if you own additional eligible policies issued in the U.S. and you are a U.S. resident, you may also receive compensation in the form of cash in U.S. dollars, shares of Prudential Financial, Inc. stock or policy credits.

To determine how much cash (or policy credits, if applicable) you will receive, we will allocate to you a number of shares of Prudential Financial, Inc. stock. Then we will multiply the total number of shares allocated to you for the non-stock compensation by the higher of the IPO price or the **Top-Up**. The Top-Up is an amount equal to the IPO price for shares of Prudential Financial, Inc. stock plus a market-based appreciation factor: if the average of the closing prices of Prudential Financial, Inc. stock on the primary exchange where it is listed during the first 20 days of trading (known as the **Top-Up Period**) exceeds 110% of the IPO price, the excess over 110% of the IPO price, which will be capped at 10% of the IPO price, will be added to the IPO price. If the average of the closing prices of shares of Prudential Financial, Inc. stock during the Top-Up Period is equal to or less than the IPO price, or is greater than 100% but less than or equal to 110% of the IPO price, then the amount of cash or the value of policy credits distributed to you will be based on the IPO price. You will also not receive the benefit of any increase over 120% of the IPO price.

The investment banking firm of J.P. Morgan Securities Inc., one of our financial advisors, rendered an opinion to the board of directors that the demutualization compensation to be distributed to eligible policyholders upon the extinguishment of all membership interests is fair from a financial point of view to the eligible policyholders, as a group. The Plan requires that this opinion be confirmed as of the Effective Date in order for the Plan to become effective.

Under our Plan, some eligible policyholders will have a choice to receive shares of Prudential Financial, Inc. stock instead of cash. We refer to this as the "**Stock Election**". As a general rule, this choice will not apply to you because the Plan requires Canadian branch eligible policyholders to receive cash payable in Canadian dollars. Only if you hold U.S. issued eligible policies in addition to your Canadian issued eligible policies and are a U.S. resident will this choice potentially apply to you.

How We Will Determine Demutualization Compensation for Eligible Policyholders

As an eligible policyholder, you will receive compensation (whether it takes the form of stock of Prudential Financial, Inc., cash or policy credits) based on an allocation to you of a number of shares of Prudential Financial, Inc. stock. As described below, this allocation of shares is equal to the sum of your **fixed component** and your **variable component** of compensation. If you are to receive cash or policy credits instead of Prudential Financial, Inc. stock, this allocation of shares is done only to determine the amount of cash or the value of the policy credits you will receive.

The Plan provides for two components of compensation for eligible policyholders: (1) a fixed component and (2) a variable component. Each of these two components potentially consists of two elements—a basic element and, for eligible policyholders receiving no stock, an additional element.

The following chart summarizes who receives which components:

RECIPIENTS	COMPONENT OF COMPENSATION
All eligible policyholders.	**Basic fixed component** equal to eight shares.
Allocated to all eligible policyholders.	**Basic variable component** based on policies' contributions to **surplus** Note: eligible policyholders whose eligible policies have not and are not expected to contribute to surplus will be allocated a basic variable component that equals zero.
All eligible policyholders who will be receiving cash, policy credits or both (but no Prudential Financial, Inc. stock).	**Additional fixed component** equal to two shares.
Eligible policyholders who will be receiving cash, policy credits or both (but no Prudential Financial, Inc. stock) who have been allocated 26 or more shares of basic fixed and basic variable components.	**Additional variable component** equal to: ■ one share if allocated at least 26 but fewer than or equal to 35 shares ■ two shares if allocated at least 36 but fewer than or equal to 45 shares ■ if allocated 46 or more shares, 10% of such allocated basic shares (rounded to the nearest whole number), reduced by the two shares allocated as the additional fixed component.

Your policyholder record card (Card 4) estimates the number, or range, of the total basic fixed and basic variable shares that we currently expect will be allocated to you. It also tells you the form of compensation you are receiving.

The estimated number or range of the total basic fixed and basic variable shares allocated to you appears on your policyholder record card (Card 4). If your policyholder record card (Card 4) shows your estimate as eight shares rather than a range, this means your basic allocation consisted only of a basic fixed component because your basic variable component was equal to zero. If your basic variable component is greater than zero, your estimate is expressed as a range. Please note that the estimates do not reflect any additional fixed components or additional variable components. The actual number of shares ultimately allocated to you could differ from the number or range of shares shown. Remember that the estimated allocation of shares on your policyholder record card (Card 4) does not mean that you will receive shares of Prudential Financial, Inc. stock. Rather, since you are a Canadian branch eligible policyholder, you are most likely to receive cash payable in Canadian dollars that is based on the number of shares allocated to you.

New Jersey law requires that Prudential and the **Commissioner** each appoint a qualified and independent actuary to provide actuarial certifications with respect to the reasonableness and appropriateness of the methodology and underlying assumptions used to allocate compensation among eligible policyholders. Our independent consulting actuary, Daniel J. McCarthy, M.A.A.A., of Milliman & Robertson, Inc., has provided the required certifications to the board of directors, rendering opinions (1) that the methodology and underlying assumptions we are using to allocate compensation among eligible policyholders are reasonable and appropriate and (2) that the resulting allocation of compensation is fair and equitable. The Plan requires that these opinions be confirmed as of the Effective Date for the Plan to become effective. The Commissioner has retained Charles Carroll, M.A.A.A., of Ernst & Young, L.L.P., to provide the additional actuarial certification required by New Jersey law.

There is a separate Canadian closed block.

Policyholders' Reasonable Dividend Expectations are Provided for Through Establishment of the Closed Blocks

After demutualization, policies that are currently entitled to receive policy dividends will continue to be entitled to receive policy dividends (as declared by the board of directors of Prudential Insurance). As required by New Jersey law, our Plan provides for the reasonable dividend expectations of owners of participating individual life insurance policies and annuity contracts. Our Plan complies with this requirement by establishing two "**closed blocks**". One of the closed blocks will be for U.S. participating individual life insurance policies and annuity contracts. The other is for participating individual life insurance policies issued by our Canadian branch that remain in force on our records and have not been assumed by London Life. The reasons we are using a separate closed block for the Canadian branch business are to maintain consistency with the way we have managed the U.S. and Canadian blocks of business separately in the past for pricing and dividend purposes and to simplify the implementation details relating to funding calculations and cash flow tracking of the respective groups of policies. We will otherwise operate this Canadian closed block (which because of the substantially smaller number of outstanding Canadian policies will be relatively small in size) in a similar manner to the U.S. **Closed Block**.

Not all participating policies will be included in the closed blocks. For example, no group policies will be included in either closed block, regardless of whether they are currently paying or are expected to pay policy dividends.

We will set aside assets for the benefit of the policies in the closed blocks. The amount of the assets set aside when the closed blocks are established will be calculated so that the assets, together with the investment cash flows they produce and the anticipated revenues from the policies in the closed blocks, are expected to be reasonably sufficient to provide for:

- all guaranteed policy benefits;
- expenses and taxes charged to the closed blocks; and
- policy dividend payments according to the year 2000 **dividend scales**, if the experience underlying the year 2000 scales continues.

As was the case prior to establishment of the closed blocks, dividends may vary from year to year and could increase or decrease. To calculate the amount of assets to be set aside to fund the closed blocks, we identified the experience underlying the 2000 dividend scales for the U.S. and Canadian closed blocks. The method for measuring the experience underlying the 2000 dividend scales differs for the U.S. and Canadian closed blocks.

Our independent consulting actuary has certified as to the reasonableness and sufficiency of the assets allocated to the closed blocks.

New Jersey law requires us to obtain the certification of a qualified and independent actuary with respect to the reasonableness and sufficiency of the assets allocated to the closed blocks. Our independent consulting actuary, Daniel J. McCarthy, M.A.A.A., of Milliman & Robertson, Inc., rendered an opinion to our board of directors certifying that the assets that have been allocated to the closed blocks are in an amount expected to be reasonably sufficient to meet the objective of supporting the policies in the closed blocks and providing for the continuation of dividend scales in effect on December 15, 2000 (the Board Adoption Date) if the experience underlying those scales continues. The Plan requires that these opinions be confirmed as of the Effective Date for the Plan to become effective. The Commissioner has retained Charles Carroll, M.A.A.A., of Ernst & Young, L.L.P., to provide an actuarial certification addressing this subject.

THERE WILL BE CHANGES IN POLICYHOLDERS' OWNERSHIP INTERESTS

In exchange for the compensation you will receive if the demutualization happens, you will give up your membership interests (or ownership interests) in Prudential, but not your policy. These membership interests include the right to vote on matters submitted to policyholders, including the election of directors, the right to receive compensation if we ever demutualize, and the right to receive the remaining value (after settlement of all policy and other claims) if we were ever to liquidate (*i.e.*, cease operations and distribute the assets remaining after settlement of policy and other claims).

Upon demutualization, all of the membership interests of all our policyholders in Prudential will cease to exist, and in exchange, eligible policyholders will receive demutualization compensation.

The Plan provides that all eligible policyholders have membership interests that entitle them to receive compensation. These membership interests arise under: (1) our charter and by-laws, or (2) by law or otherwise, including under the Plan. <u>Upon demutualization, all of the membership interests of all our policyholders will cease to exist and, in exchange, eligible policyholders will receive compensation. You will not have to pay any money or give up your policy to receive demutualization compensation.</u>

Another implication of our demutualization is that, as stock companies, Prudential Financial, Inc., and Prudential Insurance will be operated for the benefit of their shareholders as well as policyholders. This creates the potential for competing interests between policyholders and shareholders. We believe that we can address these competing interests effectively.

All of our employees, including our officers and directors, will be able to become shareholders of Prudential Financial, Inc. in the future. Consequently, the possibility exists that there could be competing interests between management (as shareholders) and Prudential Insurance policyholders. However, we believe being a public company will result in a greater incentive for management to run the company successfully for the benefit of both shareholders and policyholders.

Finally, becoming a public company may increase the possibility of being acquired by another company. However, provisions in New Jersey law may make a takeover more difficult and we will implement other measures that may delay, deter or prevent an uninvited takeover attempt.

WE PLAN TO CHANGE OUR ORGANIZATIONAL AND CAPITAL STRUCTURE AS PART OF THE DEMUTUALIZATION

We plan to change our organizational and capital structure as part of the demutualization.

extraordinary dividend: A dividend payment that exceeds limits set by the New Jersey Insurance laws for such payments unless the Commissioner has been given prior notice of the dividend payment and has not disapproved it within 30 days after receipt of such notice.

We plan to implement other significant organizational and capital structure changes in connection with our demutualization. We expect that several companies that are currently our subsidiaries will be transferred by means of an **extraordinary dividend** payment from Prudential Insurance to Prudential Financial, Inc. We refer to this process as "**destacking**" and this dividend as the "**destacking extraordinary dividend**". The amount of this destacking extraordinary dividend if it had occurred on December 31, 2000 (based on the statutory book value at December 31, 2000 of the subsidiaries, assets and non-insurance liabilities proposed to be destacked) would have been approximately $3,829 million. Also, we expect that Prudential Insurance will pay an **additional extraordinary dividend** to Prudential Financial, Inc., which could be as much as $2.5 billion. Based upon the statutory book value at December 31, 2000, this dividend would have been $360 million if it had been paid on December 31, 2000; however, that amount could be substantially larger by the Effective Date. On a pro forma statutory accounting basis, if the demutualization, an additional extraordinary dividend in the amount of $360 million and the destacking extraordinary dividend had occurred as of December 31, 2000, they would have reduced Prudential Insurance's **surplus and AVR** by approximately $4,729 million and total assets by approximately $4,213 million. However, we do not expect any negative impact on Prudential Insurance's financial strength ratings nor do we expect its ability to pay claims and policy benefits to be negatively affected. We plan to sell a relatively small amount of a separate class of stock (referred to as "**Class B Stock**") in a **private placement** (an offering not available to the general public). If we do so, the Class B Stock will reflect the financial performance of the portion of our business that we refer to as the "**Closed Block Business**" and the Prudential Financial, Inc. stock distributed to eligible policyholders in the demutualization and sold in the IPO will then reflect the financial performance of our other businesses, which we refer to as the "**Financial Services Businesses**". If we sell the Class B Stock, we also plan to sell debt (known as the "**IHC debt securities**") in a private placement. The extraordinary dividends and private placements are designed to enhance the financial flexibility of Prudential Financial, Inc. and the price of its stock. If we complete these transactions at the time of the IPO and they achieve their goal, we expect the value of the demutualization compensation received by eligible policyholders to be enhanced.

YOU NEED TO MAKE AN IMPORTANT DECISION NOW

For the Plan to become effective, at least one million qualified policyholders must vote on the Plan, and at least two-thirds of the votes cast must be YES in favor of approval of the Plan. The vote on approval of the Plan will be a vote on the Plan in its entirety and not separately on specific components of the Plan. You are qualified to vote if on December 15, 2000 (the Board Adoption Date) you met all of the following requirements:

- you were the owner of at least one policy issued by Prudential that was in force with Prudential on that date and had been in force for at least one year prior to that date; and
- you were at least 18 years of age.

If, according to our records, you do not meet these criteria, your voting card (Card 1) will tell you that you cannot vote. If you are qualified to vote, see the Voting Guide and your voting card (Card 1) for instructions for voting by mail, by telephone or via the Internet (please note that the telephone and Internet options are available in English only). You may also vote at the Policyholders' Meeting as described in "Notice of Policyholders' Meeting to Vote on the Plan of Reorganization of The Prudential Insurance Company of America" included in this French Summary.

Policyholders who are qualified to vote on the Plan are not defined in precisely the same way as policyholders who are eligible to receive demutualization compensation. For example, the persons who are being deemed eligible for compensation that we described earlier in this French Summary will not be qualified to vote on the Plan unless they hold a separate Prudential policy that qualifies them to vote.

If you are qualified to vote, we strongly urge you to do so. We must receive your completed voting card (Card 1), telephone vote, Internet vote or vote at the Policyholders' Meeting by 4:00 p.m., Eastern Time, on July 31, 2001 for it to be counted.

If we do not receive enough YES votes, the demutualization cannot occur.

Our board of directors recommends that you vote YES to approve the Plan. If there are not enough YES votes for us to convert to a stock company, we will remain a mutual company, and you will not receive the compensation described in these materials.

STEPS REMAINING TO COMPLETE DEMUTUALIZATION

One of the critical steps remaining is for the Commissioner to decide whether to approve the Plan.

Several steps must occur for the Plan to become effective. The law governing our demutualization requires the Commissioner to hold a public hearing on the Plan to collect comments and information to help the Commissioner decide whether to approve the Plan adopted by our board of directors on December 15, 2000 and subsequently amended and restated. For specific details, including the time and location of the public hearing, see the "Notice of Public Hearing to Be Held by the New Jersey Commissioner of Banking and Insurance on the Plan of Reorganization of The Prudential Insurance Company of America" included in this French Summary. Also, for the demutualization to occur, the Plan must be approved by the Commissioner after the public hearing as well as by at least two-thirds of the votes cast by policyholders who can and do vote. There are a number of other steps remaining to complete demutualization that are described in Article XIII of the Plan.

IMPORTANT MESSAGE FOR CANADIAN TAXPAYERS

Please read these special tax rules for Canadians and consult your tax advisor.

If you are a Canadian policyholder and a resident of Canada for tax purposes, the cash payment you receive as part of the demutualization will generally be taxed by Canada as a dividend from a taxable Canadian corporation in the year you receive it. Therefore, if you are an individual who is a resident of Canada for tax purposes, you will generally be required to include 125% of your cash payment in taxable income for Canadian federal income tax purposes and generally will be entitled to a tax credit equal to a certain percentage of that amount. You will receive an information return from us setting forth the taxable amount of such payment and the amount of the tax credit. You should consult your Canadian tax advisor to determine your actual tax consequences in view of your particular situation, including applicable provincial income tax consequences.

The receipt of a cash payment will increase your income. This may reduce your entitlement (or that of your dependents) to income-based social benefits. Such benefits may include Guaranteed Income Supplement, Old Age Security, provincial public drug plans, provincial long-term care and home care programs, and other similar programs. If you are concerned that your eligibility or entitlement under a social benefits program may be affected by the receipt of a cash payment, you should contact the federal or provincial government agency which administers the program for more details.

Reply Cards Are Included in Your Package

Please follow the instructions on your personalized Reply Cards.

Your package includes four personalized Reply Cards. The first card is the voting card (Card 1) mentioned above. For Canadian policyholders, Card 2 is an address verification card. Card 3 describes your compensation. Unless you also are a U.S. resident and hold U.S. eligible policies, you will not be asked to choose on Card 3 whether to receive stock in lieu of cash as your form of demutualization compensation. As discussed, the Stock Election does not generally apply to any of our Canadian (and other foreign) eligible policyholders, all of whom will receive cash. You should, therefore, just retain Card 3 for your records. Card 4 identifies your estimated share allocation, your form of compensation and lists your eligible policies. You should also keep Card 4 for your records.

Glossary

This Glossary provides explanations of some of the terms used in this French Summary. The terms included in the Glossary are in bold the first time they appear in this French Summary. The explanation of the terms in this Glossary and other terms used in this French Summary do not substitute for the actual Plan; therefore, if there are differences between terms used in this French Summary and the Plan, the Plan provisions will govern. The full text of the Plan is included in **Part 1** in English beginning on page 69.

A

additional extraordinary dividend – The extraordinary dividend of up to $2.5 billion that Prudential Insurance may pay directly or indirectly to Prudential Financial, Inc., on or within 30 days after the Effective Date, in the form of cash, other assets or both. This extraordinary dividend is in addition to the destacking extraordinary dividend.

additional fixed component – The element of the fixed component of compensation allocable to eligible policyholders who are receiving all of their compensation in the form of cash, policy credits or both instead of shares of Prudential Financial, Inc. stock. Each of these eligible policyholders will be allocated an additional fixed component equal to two shares of Prudential Financial, Inc. stock.

additional variable component – The element of the variable component of compensation allocable to eligible policyholders who are receiving all of their compensation in the form of cash, policy credits or both instead of shares of Prudential Financial, Inc. stock. This element is allocated to such eligible policyholders based on the sum of their basic fixed and basic variable components. If an eligible policyholder is allocated 25 or fewer shares, he or she will not receive an additional variable component. If an eligible policyholder is allocated at least 26 but fewer than or equal to 35 shares, he or she will be allocated one share of Prudential Financial, Inc. stock as the additional variable component. If an eligible policyholder is allocated at least 36 but fewer than or equal to 45 shares, he or she will be allocated two shares of Prudential Financial, Inc. stock as the additional variable component. If allocated 46 or more shares, the eligible policyholder will be allocated 10% of the sum of his or her basic components (rounded to the nearest whole number) as the additional variable component, reduced by the two shares that constitute the additional fixed component.

ADR – The alternative dispute resolution process provided for in the Stipulation of Settlement dated October 28, 1996 and amended on February 22, 1997 filed in the United States District Court for the District of New Jersey in settlement of <u>In re: The Prudential Insurance Company of America Sales Practice Litigation, MDL Docket No. 1061</u>.

ADR Claimant – A person who filed a claim in ADR.

Aetna Company – Aetna, Inc., a Connecticut corporation, or any of its subsidiaries, as the context requires, to which we sold substantially all of the assets and liabilities of our group managed and indemnity healthcare business, known as Prudential HealthCare, in August 1999.

AVR – See definition of surplus and AVR.

B

basic fixed component – The element of the fixed component of compensation equal to eight shares of Prudential Financial, Inc. stock that will be allocated to each eligible policyholder.

basic variable component – The element of the variable component of compensation allocated to all eligible policyholders based on estimates of the relative contributions of the eligible policies to our surplus in both the past and future. If the expected contribution to Prudential's surplus over the lifetime of your eligible policy (reflecting both estimated past contributions and estimated future contributions) is negative or zero, then your basic variable component will equal zero. Negative and positive contributions offset each other.

Board Adoption Date – December 15, 2000, the date on which the Plan was unanimously adopted and approved by our board of directors. All amendments, supplements and modifications to the Plan relate back to and are considered to take effect as of December 15, 2000.

C

Class B Stock - The shares of a separate class of voting stock of Prudential Financial, Inc. that we plan to sell in a private placement.

Closed Block – The mechanism established by the Plan for the purpose of providing over time for the reasonable dividend expectations of the holders of some individual participating life insurance policies and annuity contracts. References to the Closed Block do not include the separate Canadian closed block.

Closed Block Business – If we complete the sale of the Class B Stock, the Closed Block Business would consist generally of (1) the assets of the Closed Block and the Closed Block Policies and related liabilities, plus (2) assets held outside the Closed Block which constitute surplus required to support policies in the Closed Block and related assets and liabilities held outside the Closed Block, as set forth in Schedule 3.3(c)(i) to the Plan and described in detail in **Part 2**.

closed blocks – Refers collectively to the Closed Block and the separate Canadian closed block.

Commissioner – The Commissioner of Banking and Insurance of the State of New Jersey.

D

demutualization – The process by which a mutual insurer changes its structure from a mutual insurance company owned by policyholders to a stock insurance company owned by shareholders. We plan to become a stock insurance company through this demutualization process.

Designated Subsidiary – The U.S. operations of the following: Pruco Life Insurance Company; Pruco Life Insurance Company of New Jersey; and Prudential Select Life Insurance Company of America.

destacking – The realignment of the ownership of some of our subsidiaries and some related assets and non-insurance liabilities. Following demutualization, Prudential Financial, Inc. rather than Prudential Insurance will own these assets.

destacking extraordinary dividend – The extraordinary dividend of the stock of various subsidiaries, and some related assets and non-insurance liabilities of Prudential Insurance that may be made on or within 30 days after the Effective Date to accomplish the destacking.

dividend scale – A schedule of amounts declared annually by a company's board of directors, payable to owners of some participating policies. Such amounts are based on the recent experience of groups of similar policies. Such groupings may vary by product type, issue year, duration, gender, policy size and underwriting class. The amounts are determined in such a way that they can be paid in the current year as well as future years if the experience underlying the dividend scales remain unchanged.

E

Effective Date – The date on which the closing of the IPO occurs, which shall be after (1) the Plan is approved by the Commissioner and policyholders qualified to vote and (2) the satisfaction of the other conditions in Article XIII of the Plan. This is the date when, among other things, Prudential will become a stock life insurance company and an indirect wholly owned subsidiary of Prudential Financial, Inc. The Effective Date shall in no event be more than 12 months after the date of the Commissioner's approval of the Plan, unless this period is extended by the Commissioner. We currently expect the Effective Date to occur during the fourth quarter of 2001.

eligible policy – In general, a policy is considered an "eligible policy" for purposes of the Plan if the policy was (1) issued by Prudential (including by its Canadian branch or assumed by reinsurance by Prudential); (2) issued in the U.S. by a Designated Subsidiary; (3) jointly issued by Prudential and The National Life Assurance Company of Canada pursuant to a reinsurance agreement; (4) issued by Prudential's Canadian branch originally, but the policy was transferred to London Life in 1996 (known as "Transferred Canadian Policies") and meets certain conditions set forth in the Plan; or (5) issued by Prudential originally, but the policy was transferred to Aetna in 1999 where it has been succeeded by an Aetna health insurance policy after notice of cancellation or non-renewal by Prudential (these policies are known as "**Rewritten Health Policies**"). The policy must also be one of the following types: (a) an individual or group life insurance policy (including a pure endowment contract), annuity contract or health insurance policy; (b) a funding agreement; (c) a guaranteed investment contract; (d) a **supplementary contract**, provided, however, that any supplementary contract issued to effect the annuitization of an individual deferred annuity contract shall be treated with such deferred annuity contract as one policy; or (e) a certificate or other evidence of an interest in a group insurance policy or annuity contract issued to a trust established by Prudential, the holder of which certificate or other evidence is a person that is deemed for purposes of the Plan to be the owner of a separate policy under Section 5.4 of the Plan. Lastly, the policy must have been or be deemed to have been in force as of December 15, 2000 (the Board Adoption Date) with Prudential (or based on the applicable company's records). This definition collectively summarizes the definitions of the terms "policy" and "eligible policy" found in the Plan.

eligible policyholder – In general, a policyholder who was, or was deemed for purposes of the Plan to be, the owner on or as of December 15, 2000 (the Board Adoption Date) of one or more eligible policies.

extraordinary dividend – A dividend payment that exceeds limits set by New Jersey law for such payments unless the Commissioner has been given prior notice of the dividend payment and has not disapproved it within 30 days after receipt of such notice. The limit under New Jersey law is as follows: any dividend or distribution of cash or other property whose fair market value together with other dividends or distributions made within the previous 12 months exceeds the greater of (1) 10% of an insurer's policyholders' surplus as of December 31st of the previous year, or (2) the net gain from operations of the insurer, excluding realized capital gains, for the 12-month period ending December 31st of the previous year.

F

Financial Services Businesses – If we complete the sale of the Class B Stock, the Financial Services Businesses will consist of all of the assets and liabilities of Prudential Financial, Inc. and its subsidiaries not included in the Closed Block Business.

G

Great-West – The Great-West Life Assurance Company, an insurance company organized under the laws of Canada. Great-West acquired London Life in 1997.

I

IHC debt securities – The debt securities intended to be issued by Prudential Holdings, LLC as set forth in Schedule 3.3(c)(i) to the Plan that we plan to sell in a private placement.

in force – Whether or not your policy was "in force" as of December 15, 2000 (the Board Adoption Date), is determined based on Prudential's records (or based on the applicable company's records). Your policy was in force as of December 15, 2000 (the Board Adoption Date) if it had become in force prior to or on this date and had not ceased to be in force by then. In general, it is the case that a policy will be considered to have become in force when all requirements and payment obligations, if any, necessary to issue the policy were received. A policy will generally be considered to have ceased to be in force (1) upon the expiration of any applicable grace period when it has lapsed for non-payment of premiums and has not been continued as reduced paid-up insurance or extended term insurance; (2) when it has been surrendered or terminated; or (3) when it has matured by death. In addition to these general in force rules, Article VI of the Plan contains specific in force rules for individual life insurance policies, structured settlements, Transferred Canadian Policies, certain policies issued to ADR Claimants, Rewritten Health Policies, group annuity contracts, guaranteed investment contracts and funding agreements, group life and health policies and group credit insurance policies.

IPO – Refers to an "initial public offering", which is an offering of a company's securities for sale to the investing public for the first time. In connection with the demutualization, Prudential Financial, Inc. will offer shares of its common stock to the investing public for the first time.

L

London Life – London Life Insurance Company, an insurance company organized under the laws of Canada, to which we transferred a portion of our Canadian branch pursuant to the Transfer and Assumption Agreement, entered into pursuant to the Master Agreement dated May 22, 1996 between Prudential and London Life.

M

membership interests – All the rights and interests of a policyholder (including an eligible policyholder) arising under: (1) our charter and by-laws or (2) by law or otherwise, including under the Plan, which rights and interests include, but are not limited to, the right, if any, to vote, any right with regard to our surplus not apportioned or declared by our board of directors for policyholder dividends, and the right to receive compensation in a demutualization. We also at times refer to these interests in the French Summary as "ownership interests".

P

Part 1 – Our Policyholder Information Booklet, Part 1.

Part 2 – Our Policyholder Information Booklet, Part 2.

Plan – The Plan of Reorganization of Prudential dated as of December 15, 2000 (including all its exhibits and schedules), as originally adopted and as it has been and may be from time to time amended, supplemented or modified. The Plan is the legal document that governs our demutualization which will be reviewed under the New Jersey law regarding the conversion of a mutual life insurer to a stock form. The Plan permits the destacking, the destacking extraordinary dividend, the additional extraordinary dividend, and the private placements of Class B Stock and IHC debt securities. These will be reviewed under a separate provision of New Jersey law, as applicable. A copy of the Plan, with the schedules and exhibits thereto in summary or full form, is included in Part 1 beginning on page 69 in English. For copies of any of the full exhibits and schedules to the Plan in English, you may visit our website at www.prudential.com, call us at 1-800-519–1339 or write to us at The Prudential Insurance Company of America, Demutualization Information Center, P.O. Box 14355, New Brunswick, New Jersey 08906–4355.

policy credits – Dividend accumulations, dividend additions, increases in account value and other policy-related benefits that will be provided to eligible policyholders with respect to certain eligible policies pursuant to the Plan.

private placement– An offering of securities not registered under the securities laws and not available to the general public.

Prudential – The Prudential Insurance Company of America, a New Jersey mutual life insurance company before the demutualization.

Prudential Financial, Inc. – The New Jersey stock business corporation organized to be the publicly traded indirect holding company of Prudential Insurance after the demutualization.

Prudential Financial, Inc. stock – The common stock of Prudential Financial, Inc. This is the stock that is to be (1) distributed to eligible policyholders who do not receive cash or policy credits in exchange for their membership interests, and (2) sold to the public in the IPO.

Prudential Holdings, LLC – The New Jersey limited liability company organized to be the direct owner of Prudential Insurance and in turn the wholly owned subsidiary of Prudential Financial, Inc. after the demutualization.

Prudential Insurance – The Prudential Insurance Company of America, a New Jersey stock life insurance company, after the demutualization. Upon demutualization, Prudential Insurance will be a continuation of the corporate existence of Prudential.

R

Rewritten Health Policy – Any policy of health insurance (as defined in New Jersey law) originally issued by Prudential and included in the business transferred to an Aetna Company pursuant to the Asset Transfer and Acquisition Agreement dated as of December 9, 1998, and as amended by Amendment No. 1 dated as of August 6, 1999, which, following notice by an Aetna Company or Prudential that such policy was being cancelled or not being renewed by Prudential, was succeeded by a policy of health insurance (as defined in New Jersey law) issued by an Aetna Company.

S

Stock Election – The choice to receive shares of Prudential Financial, Inc. stock instead of cash that can be made by eligible policyholders who are allocated shares equal to or less than a specified “cut-off” number (50 or fewer shares) for their eligible policies not otherwise required under the Plan to receive policy credits or cash.

supplementary contract – A contract to effect a settlement or payment option under a life insurance policy or annuity contract including any retained asset account established by us operated under the name "Alliance Account" and any settlement option to provide acceleration of death benefits under a life insurance policy or certificate (known as "Living Needs Benefit") where the policyholder, or group certificate holder, has elected to receive periodic payments in full or partial settlement of its rights under the policy. Supplementary contract does not include any retained asset account operated under the name "Heritage Account" established in connection with the payment of benefits under an individual or group life insurance policy, any Living Needs Benefit if the policyholder or group certificate holder has decided to receive a lump-sum distribution in full or partial settlement of his or her rights under the policy, or any payment of a matured annuity under an annuity contract.

surplus – Surplus represents the amount by which an insurer's assets exceed its liabilities.

surplus and AVR – Surplus represents the amount by which an insurer's assets exceed its liabilities. AVR refers to the "asset valuation reserve" that insurers are required to maintain in addition to surplus. In particular, AVR is a reserve required under statutory accounting principles to offset potential credit-related and equity-related investment losses on all invested asset categories excluding cash, policy loans, premium notes, collateral notes and income receivable. This reserve is not included in financial statements prepared in accordance with generally accepted accounting principles.

T

Top-Up – An amount equal to the IPO price for shares of Prudential Financial, Inc. stock plus a market-based appreciation factor: if the average of the closing prices of Prudential Financial, Inc. stock on the primary exchange where it is listed during the Top-Up Period exceeds 110% of the IPO price, the amount of that excess, which will be capped at 10% of the IPO price, will be added to the IPO price.

Top-Up Period – The first 20 trading days during which the Prudential Financial, Inc. stock is traded on the primary exchange where it is listed.

Transferred Canadian Policy – An insurance policy or annuity contract, including a supplementary contract, that was issued by our Canadian branch and transferred by us to London Life by means of the Transfer and Assumption Agreement, pursuant to the Master Agreement dated May 22, 1996.

Notice of Public Hearing to Be Held by the New Jersey Commissioner of Banking and Insurance on the Plan of Reorganization of The Prudential Insurance Company of America

A public hearing has been scheduled by the Commissioner of Banking and Insurance of the State of New Jersey (the "Commissioner") pursuant to Chapter 17C of Title 17 of the New Jersey Revised Statutes.

WHY: To collect comments and information to help the Commissioner decide whether to approve the Plan of Reorganization (the "Plan") approved and adopted by the board of directors of The Prudential Insurance Company of America ("Prudential") on December 15, 2000, and subsequently amended and restated. The Plan proposes to convert Prudential from a mutual life insurance company to a stock life insurance company through a process called "demutualization".

WHO: Policyholders who are qualified to vote on the Plan or who are eligible for compensation under the Plan and any other interested persons may attend.

WHEN: Beginning at 10:00 a.m., Eastern Time, on July 17, 2001.
The hearing may continue for additional days immediately following this date or at a future date established by the Commissioner.

WHERE: The War Memorial, 200 Barrack and West Lafayette Streets, Trenton, New Jersey. The hearing may be adjourned to another time or place. If the new time and place are announced at the hearing at which the adjournment is taken, Prudential will not be required to give additional individual notices.

You do not need to appear at the public hearing or submit any statements to the Commissioner to continue your insurance policy or annuity contract, to protect any rights you may have under the Plan or to vote on the Plan (if you are qualified to vote).

If you wish to make an oral statement at the hearing: Send a written notice of your intent to make an oral statement to the New Jersey Department of Banking and Insurance at the address directly below. It should be received by July 10, 2001. The Commissioner has the right to limit the length of any oral statements at the hearing. **If you wish to submit a written statement:** Send your written statement to the New Jersey Department of Banking and Insurance at the address directly below before the date the public hearing record is closed by the Commissioner.

MAIL TO: New Jersey Department of Banking and Insurance
Attention: Prudential Demutualization
P.O. Box 473
Trenton, New Jersey 08625-0473

If you want to contact the New Jersey Department of Banking and Insurance by telephone, please call 1-888-224-3710.

New Jersey law requires the Commissioner to approve the Plan if, after the public hearing, the Commissioner finds that:

- Prudential's application to the Commissioner for approval of the Plan conforms to the requirements of Section 17:17C-4 of the New Jersey Revised Statutes;
- the Plan is fair and equitable to Prudential's policyholders;
- the Plan promotes the best interest of Prudential and its policyholders;
- the Plan provides for the enhancement of Prudential's operations;
- the Plan is not contrary to law;
- the Plan is not detrimental to the public; and
- after giving effect to the reorganization, Prudential will have an amount of capital and surplus that the Commissioner deems to be reasonably necessary for its future solvency.

The Commissioner's approval or disapproval of the Plan must be issued within 45 days after the record of the public hearing on the Plan is closed. The public hearing record cannot close until Prudential has certified to the Commissioner that policyholders qualified to vote have voted on the Plan. Prudential will hold a special meeting of Prudential policyholders to vote on the Plan on July 31, 2001 beginning at 10:00 a.m., Eastern Time, at the Hilton Newark Gateway Hotel, One Gateway Center, Raymond Blvd., Newark, New Jersey. **Policyholders may also vote by mail, telephone or Internet.**

Policyholders are advised that they may be entitled to receive a distribution pursuant to this demutualization.

The location of the public hearing is accessible to people with disabilities. Interpreter services will be available at no charge for hearing impaired persons.

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Notice of Policyholders' Meeting to Vote on the Plan of Reorganization of The Prudential Insurance Company of America

The Prudential Insurance Company of America ("Prudential") has scheduled a special meeting of its policyholders under Chapter 17C of Title 17 of the New Jersey Revised Statutes (the "Policyholders' Meeting").

WHY: **To vote on the Plan of Reorganization (the "Plan") approved and adopted by the board of directors of Prudential on December 15, 2000, and subsequently amended and restated.** There will be no business other than this vote conducted at the Policyholders' Meeting. The Plan would convert Prudential from a mutual life insurance company to a stock life insurance company. The vote will be on the Plan in its entirety and not separately on specific components of the Plan. For the Plan to be approved, at least one million of Prudential's policyholders qualified to vote on the Plan must vote and at least two-thirds of the votes cast must be in favor of approval of the Plan.

WHO: **Those policyholders who are qualified to vote.** You are qualified to vote if you met both of the following requirements on December 15, 2000 (the date the Prudential board of directors adopted the Plan), which is the record date for being qualified to vote on the Plan: (1) you were the owner of at least one life or health insurance policy or annuity contract issued by Prudential, and that policy or contract was in force and had been in force for at least one year prior to December 15, 2000; and (2) you were at least 18 years old. If, according to our records, you do not meet these criteria, your voting card (Card 1) will tell you that you cannot vote. *Note: You are entitled to only one vote, no matter how many policies or contracts you own or how much their value. If, however, you own policies or contracts in more than one legal capacity (e.g., as an individual owner and as a trustee for others), you may vote in each of your legal capacities. You will receive a separate package of materials containing a separate voting card (Card 1) for each such capacity.*

WHEN: Beginning at 10:00 a.m. and ending at 4:00 p.m., Eastern Time, on July 31, 2001.

WHERE: **The Policyholders' Meeting will be held at the Hilton Newark Gateway Hotel, One Gateway Center, Raymond Blvd., Newark, New Jersey.** The Policyholders' Meeting may be adjourned to another time or place. If the new time and place for the meeting are announced at the meeting at which the adjournment is taken, Prudential will not be required to give additional individual notices.

You do not need to appear at the Policyholders' Meeting to vote. Instead, you may vote by mail, telephone or Internet by following the instructions on the back of your voting card (Card 1). All votes must be received by Prudential by 4:00 p.m., Eastern Time, on July 31, 2001 to be counted.

If you intend to vote in person at the Policyholders' Meeting, please bring the enclosed voting card (Card 1) and policyholder record card (Card 4), which has your policy numbers and control numbers, or a photo identification. If you do not bring your cards, a replacement voting card can be provided to you at the Policyholders' Meeting if you know your policy and control numbers or if you bring a photo identification.

Prudential's board of directors has unanimously approved and adopted the Plan and recommends that you vote YES to approve the Plan.

Questions? Need a replacement voting card?

Call Prudential at the number that applies to you:

- For U.S. policyholders **1-800-243-1701**
- For Canadian policyholders **1-800-519-1339**
- For the hearing impaired TDD **1-800-619-2837**
- For policyholders with foreign addresses (other than Canadians), see the contact information with your IRS Form W-8

Or write to Prudential at:

The Prudential Insurance Company of America
Demutualization Information Center
P.O. Box 14355
New Brunswick, New Jersey 08906-4355